

NEW MEXICO BULLETIN



Oil and Gas Conservation Tax Rate on Oil

Section 7-30 NMSA 1978

- Rate Increase Effective June 1, 2010 -

House Bill 208 passed by the 2010 New Mexico State Legislature and signed into law by Governor Bill Richardson, increases the oil and gas conservation tax rate on oil from nineteen-hundredths percent (.19%) to twenty-four hundredths percent (.24%) when the average price of West Texas Intermediate (WTI) crude in the previous quarter exceeds seventy dollars (\$70.00) per barrel. The following identifies the business applications:

- The effective date of the changes in HB-208 is production/sales beginning June 1, 2010, and taxes due August 25, 2010.
- WTI crude prices during the previous quarter will be calculated as the average of the three monthly prices as published at www.eia.doe.gov for the Cushing, OK WTI Spot Price FOB.
- A “previous quarter” is recognized on a calendar year basis.
- Example: Averaging the January 2010 through March 2010 monthly WTI prices will be used to determine the \$70.00 threshold and tax rate determination for the report month of June 2010. Averaging the April 2010 through June 2010 monthly WTI prices will be used to determine the \$70.00 threshold and tax rate determination for the report months of July 2010, through September 2010.
- Revised Conservation tax rate notices will be published on the New Mexico Taxation and Revenue Department and Oil and Gas Bureau websites when the Conservation tax rate changes.
- A revised oil tax rate schedule will be available on the Oil and Gas Bureau website.

Tax Rate Determination:

The Department has determined that the average price of WTI crude in the previous quarter (first quarter of 2010) exceeds seventy dollars (\$70.00) per barrel and therefore the rate increase on oil is effective with production/sales beginning June 1, 2010, and taxes due August 25, 2010.

If you have questions concerning this bulletin, you may contact Tony Clendenin at (505) 827-0806 or Valdean Severson at (505) 827-0953.

New Mexico Taxation and Revenue Department
P.O. Box 630
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BULLETIN

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The local state tax offices offer full service and information about New Mexico's taxes, tax programs, forms and specific information about your filing situation.

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5301 Central NE
P.O. Box 8485
Albuquerque, NM 87198-8485

LAS CRUCES (575) 524-6225

Taxation and Revenue Department
2540 S. El Paseo Bldg. #2
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Las Cruces, NM 88004-0607

SANTA FE (505) 827-0951

Taxation and Revenue Department
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Taxation and Revenue Department
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Roswell, NM 88202-1557

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* The physical office location in Santa Fe has relocated during a renovation of the existing building. While the renovation is in progress, special delivery packages shipped through Fed Ex and UPS should continue to be sent to the 1200 South St. Francis Drive address and mailing through USPS should be sent to P.O. Box 5374 address.

General Information. FYIs and Bulletins present general information with a minimum of technical language. All FYIs and Bulletins may be obtained without charge from all local tax offices, the Tax Information and Policy Office in Santa Fe and the Department's Internet site.

This information is as accurate as possible at time of publication. Subsequent legislation, new state regulations and case law may affect its accuracy. For the latest information please check the Taxation and Revenue Department's web site at www.tax.newmexico.gov.

This publication provides instructions or general information to the taxpayer. It does not constitute a regulation or ruling as defined under Section 7-1-60, *New Mexico Statutes Annotated*, 1978. Taxpayers and preparers are responsible for being aware of New Mexico tax laws and rules. Consult the Department directly if you have questions or concerns about information provided in this Bulletin.